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Department of the Treasury

Washington, DC 20224

[Third Party Communication:

Date of Communication: Month DD, YYYY]

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:FIP:B2

PLR-101737-17

Date:

January 18, 2017

Legend

Fund =

Portfolio =

Dear :

This letter revokes PLR-127795-07¹ issued to Fund and Portfolio on December 5, 2007, and, in response to a request from your authorized representative dated December 29, 2016, limits the retroactive effect of such revocation pursuant to section 7805(b) of the Internal Revenue Code.

In PLR-127795-07, the Internal Revenue Service (the “Service”) issued a ruling that income and gain from certain commodity-linked notes constitute qualifying income under section 851(b)(2) (the “CLN Ruling”). In a letter dated September 29, 2016, the

¹ PLR-127795-07 is the controlling PLR number for a multi-filer private letter ruling. Fund and Portfolio were assigned separate PLR numbers. This letter refers to the controlling PLR number, but applies equally to the rulings issued to Fund and Portfolio under their respective, separately assigned PLR numbers.

Service notified Fund and Portfolio that it was considering revoking such CLN Rulings. On December 29, 2016, Fund and Portfolio requested that the Service exercise its discretionary authority under section 7805(b) to limit the retroactive effect of any revocation.

Since issuing PLR-127795-07, the Service has determined that having provided a private letter ruling on the issue in the CLN Ruling is not in accord with the current views of the Service. See Rev. Proc. 2016-50, 2016-43 I.R.B. 522, superseded by Rev. Proc. 2017-3, 2017-1 I.R.B.130, 140 (section 4.01(44)); see also REG-123600-16, 81 Fed. Reg. 66576-77 (Sept. 28, 2016). Section 11.04 of Rev. Proc. 2017-1, 2017-1 I.R.B. 1, 61, provides, in part, that unless it was part of a closing agreement, a letter ruling found to be in error or not in accordance with the current views of the Service may be revoked or modified. Accordingly, PLR-127795-07 is revoked.

Section 11.04 of Rev. Proc. 2017-1 also provides that, if a letter ruling is revoked, the revocation applies to all years open under the statute of limitations on assessment unless the Service uses its discretionary authority under section 7805(b) to limit the retroactive effect of the revocation. In accordance with the request from Fund and Portfolio, the Service has decided to grant relief under section 7805(b). The revocation of PLR-127795-07 will apply prospectively only to commodity-linked notes acquired by Fund and Portfolio after June 30, 2017.

In accordance with the power of attorney on file with this office, we are sending a copy of this letter to Fund and Portfolio authorized representatives. We are also sending a copy of this letter to the appropriate operating division.

Sincerely,

Andrea M. Hoffenson
Andrea M. Hoffenson
Branch Chief, Branch 2
Office of Associate Chief Counsel
(Financial Institutions and Products)